Joint Committee on Taxation
(JCX-11-86)
July 21,1986

Table 1. PATTERN OF MARGINAL RATES IN SENATE BILL

Married Couple with Two Children

Adjusted Gross Income	Taxable Income	Marginal Tax Rate
$0 - 43,514	$0 - 29,300	15.0%
43,514 - 75,000	29,300 - 56,000	27.0
75,000 - 145,320	56,000 - 115,631	32.0
145,320 - 183,320	115,631 - 147,855	32.4
183,320 and over	147,855 and over	27.0

Unmarried Individual

Adjusted gross income	Taxable income	Marginal tax rate
$0 - 22,995	$0 - 17,600	15.0%
22,995 - 45,000	17,600 - 36,260	27.0
45,000 - 87,240	36,260 - 72,080	32.0
87,240 - 125,240	72,080 - 106,000	28.35
125,240 and over	106,000 and over	27.0

Notes:
(1) All figures are in 1987 dollars.
(2) Taxable income figures assumes itemized deductions are equal to 15.2 percent of adjusted gross income. Marginal tax rate assumes itemized deductions stay constant as income varies.

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Table 2. EXAMPLES OF IMPACT OF PATTERN OF MARGINAL RATES IN SENATE BILL

Married Couple with Two Children

Adjusted gross income (AGI)	Increased tax from $1,000 AGI increase	Tax increase as percentage of AGI increase	Tax Liability	Tax liability as percentage of AGI
$30,000	$150	15.0%	$2,676	8.9%
50,000	270	27.0	5,880	11.8
75,000	320	32.0	11,604	15.4
100,000	320	32.0	18,578	18.8
150,000	324	32.4	32,545	21.7
200,000	270	27.0	45,792	22.9

Unmarried Individual

Adjusted gross income (AGI)	Increased tax from $1,000 AGI increase	Tax increase as percentage of AGI increase	Tax Liability	Tax liability as percentage of AGI
$30,000	$270	27.0%	$4,244	14.1%
50,000	320	32.0	9,073	18.1
75,000	320	32.0	16,047	21.4
100,000	284	28.4	22,555	22.6
150,000	270	27.0	34,344	22.9
200,000	270	27.0	45,792	22.9

Notes:

(1) All figures are in 1987 dollars.
(2) Taxable income figures assumes itemized deductions are equal to 15.2 percent of adjusted gross income. Marginal tax rate assumes itemized deductions stay constant as income varies.

Table 3. PERCENTAGE OF TAXPAYERS IN VARIOUS MARGINAL RATE CATEGORIES IN SENATE BILL

	Number of Returns (Millions)	Percentage
1. Returns in 15-percent bracket or lower	109.5	83.0%
2. Returns in 27-percent bracket with full benefit of 15-percent bracket and personal exemption	17.5	13.3
3. Returns in 27-percent bracket with partial benefit of 15-percent bracket	3.6	2.7
4. Returns in 27-percent bracket with partial personal exemption and no 15-percent bracket	0.5	0.4
5. Returns in 27-percent bracket with no personal exemption or 15-percent bracket	0.8	0.6
Total	131.9	100%

Table 4. EXAMPLE OF IMPACT OF PHASEOUTS IN SENATE BILL ON ITEMIZED DEDUCTIONS

Assume: (1) A married couple starts with AGI of $75,000.

(2) The couple's AGI goes up by $10,000 to $85,000.

(3) The couple's spending increases and itemized deductions increase by $10,000. (This could reflect, for example, additional spending on mortgage interest, property taxes, State and local income taxes, and charitable contributions)

(4) The increase in itemized deductions equals the increase in AGI, so that taxable income is unchanged.

Tax liability changes as follows:

	Present Law and House Bill	Senate Bill
Tax liability change based on taxable income	0	0
Tax liability change based on AGI (5% of excess of AGI over $75,000)	---	$500
Total tax liability change	0	$500